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TO: L. Glennie

DATE: October 21, 1985

FROM: A. Weinman

SUBJECT: Concord Update

Following a somewhat limited coupon drop October 6 (see each market below for details), there have been relatively few redemptions to date (close to two weeks). In general, sales of this brand are close to nil in all test markets. Retailers have begun applying pressure on our people to pick up the brand. Field management expects this pressure to escalate over the next two to three weeks. We already have begun to pick up token quantities to ease the pressure.

We have checked with field management in Birmingham and Little Rock on the seemingly high Concord shares based on retail audits. These audits show shares of 0.8% in Little Rock and 0.9% in Birmingham (Four week average ending October 4). Actual sales are now closer to 0.1 - 0.2%. Two factors, in addition to the time difference, inflating audit shares have been cited:

- ° Merchandise is being picked up at retail by our SR's and by wholesalers and this shows up as movement (sales) in the audit panel. Sales reps have been instructed to fill out a form for the audit company when they pick up product.
- ° In Birmingham, the audit panel is entirely within Jefferson County, which has a large Black population. This could inflate menthol sales.

Because this test involves just one packing, the brand could be viable at a relatively low share level. However, from all indications results have been disappointing even by this standard.

Ft. Wayne (Concord Menthol)

Charlie Miller:

- ° Coupon ran - some redemptions
- ° Still have 2 for 1's unsold after six weeks (in about 15-20 accounts). Lighter promotion also not selling.
- ° It is a hassle for smokers to have to turn the filter.

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- ° A single filter setting has been reported by consumers to result in changes in the taste as they smoke the cigarette.
- ° Section personnel are awaiting orders to pick this brand up.

Bob Kohl:

- ° Coupon ran in Parade but was missing from many of the magazines that were supposed to run it...SSM Kohl is investigating.
- ° May have to pick this brand up a week or so down the road if coupon redemptions do not increase.

Birmingham (Concord Menthol)

Bob Tucker and Ron Martindale:

- ° Only one newspaper -- the Birmingham News -- ran the coupon. No others have run a Concord coupon to date. This is being investigated. Magazine ads did run, but Sports Illustrated ran the wrong ad. Response to the coupon has been minimal.
- ° Brand dying on shelf.
- ° Lighter offer -- some have absolutely zero sales, while others are slow.
- ° Brand selling virtually nowhere -- some retailers want it picked up right away...We should act in the near future before the retailers get really angry...We do have a tremendous number of loose packs out there.
- ° Hurting our credibility with wholesalers and retailers...Have had to pick up some of the product.
- ° Calculator displays were fairly well accepted but product still not selling -- used existing product in order to gain acceptance.

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Spokane (Concord Regular)

Dick Koch:

- ° Only coupon noted was in October 6th Parade. As with Birmingham and Ft. Wayne, this is being investigated...In any case, couponing produced very little response.
- ° SRO Koch reports real problems with the brand:
 - ° Lighter display virtually dead
 - ° Safeway and Albertson's want brand picked up.
 - ° Can't get product out on floor for calculator promotion because merchandise still on lighter displays and stores won't take any more.
 - ° We are picking up token quantities to ease the pressure.
 - ° Retailers, upon being presented Virginia Slims 120's, are asking us: "Are you going to leave this brand in here like you did Concord?"
 - ° Retailer anger could become a big problem during the next three weeks.
 - ° A small town paper treats Concord's concept (without naming the brand) as "Dial Your Own Cancer." Awareness of this is surprisingly high in Spokane, which is some distance away.
 - ° Concord is creating an overall problem for SR's, who feel they are being treated like reps for American Tobacco.
- ° Recommend no more tests for Spokane for a while.

Little Rock (Concord Regular)

Steve Vasquez:

- ° Coupon ran -- But one of the two large statewide newspapers did not have the coupon (use USA Today supplement) and two others ran an ad with no

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coupon...People ran a menthol ad...We are attempting to secure these issues.

- ° Sales very slow...Calculator displays placed - not much movement.
- ° Have been picking up product only when absolutely necessary (e.g. to gain distribution on Virginia Slims Lights 120's)...Managing to hold as much inventory, distribution, and visibility as we can.
- ° Coupons didn't seem to have much affect.
- ° Have had a negative affect on SR morale but we have countered this by complimenting them for a job well done in securing inventory, distribution and visibility.

We will report again next week.

AW/mf



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